

BOOK 55 PAGE 997  
PROMISSORY NOTE

## (GRADUATED/ADJUSTABLE PAYMENT; ADJUSTABLE RATE)

U.S. \$ 95,000.00  
or such higher amount as may be provided for herein)

Rockville, Maryland  
June 17, 19 83

**GENERAL DESCRIPTION.** This Note provides for periodic adjustments in the rate at which interest accrues and in the amount payable each month. In addition, the initial amount of interest which will accrue is higher than the initial monthly payment amount. Consequently, (1) interest may accrue on unpaid interest as well as on principal, and (2) the amount of the monthly payments may be increased substantially.

This is a complex document. The Holder recommends that the Borrower consult an attorney before executing this Note.

### 1. PROMISE TO PAY.

(a) For value received, the undersigned ("Borrower") promises to pay to the order of \_\_\_\_\_  
Chevy Chase Savings and Loan, Inc.

("Holder") the principal sum of Ninety Five Thousand and no/100ths

Dollars (\$ 95,000.00) with interest at an adjustable rate as provided in subparagraph 2(a) below. This principal amount, together with interest, shall be payable in consecutive monthly installments, as provided below, beginning on the first day of August, 19 83, and continuing on the first day of each calendar month thereafter during the term of this Note.

(b) The amount of each of said monthly installment payments (the "Payment Amount") initially shall be Seven Hundred Forty Seven and 37/100ths Dollars (\$ 747.37)

and shall be adjusted as provided in paragraph 3 below.

(c) Monthly installments shall be paid at 8401 Connecticut Avenue, Chevy Chase, Maryland 20815 or at such other place as Holder may designate in writing.

(d) Said monthly installment payments shall be due and payable on the first day of each month, in the amount of the Payment Amount then in effect hereunder, until the entire indebtedness evidenced by this Note has been fully paid, except that any indebtedness hereunder not paid by July 1, 2013, shall be due and payable on that date.

(e) In addition to the monthly payments described above, a payment of interest shall be due on the date of this Note, in an amount equal to the interest that will accrue hereunder in the calendar month in which this Note is dated, based on the Interest Rate in effect on the date of this Note as set forth in subparagraph 2(a) below.

### 2. INTEREST.

(a) The rate at which interest accrues under this Note is adjustable and is referred to hererin as the "Interest Rate". The Interest Rate for the initial Interest Period (as defined in subparagraph (e) below) shall be 13.875 percent per annum and shall be adjusted as of the first day of each subsequent Interest Period to equal the sum of (i) the "Interest Rate Differential" in effect as of the first day of the applicable Interest Period and (ii) the "Index" then in effect. Said "Interest Rate Differential" initially shall equal 3.75 whole percentage points and may be adjusted as provided in subparagraph (f) below. Said Index (unless otherwise provided pursuant to subparagraph (b) below) shall be the mean of the average yields, as published by the Federal Reserve Board, for four consecutive weeks, of actively traded United States Treasury Notes and Bonds adjusted to a constant maturity of five years, the last of which weeks shall be the second "full" week in the second month immediately preceding the first month of the applicable Interest Period. For purposes of the preceding sentence, each week that includes a Monday through Friday during any particular month shall be a "full" week in such month. Said average yields shall be rounded to the nearest one-eighth of one percentage point for purposes of computing the Index.

(b) If the yields of United States Treasury Notes and Bonds with the characteristics described in subparagraph (a) above cease to be published by the Federal Reserve Board at least weekly, then Holder may (but shall not be required to) designate, in its sole discretion, a replacement method for calculating the Index which it deems most comparable to the above-described method, in which event Holder shall notify Borrower in writing of the new method for calculating the Index. Such replacement method shall include a readily verifiable index that is beyond the direct control of Holder and may include a fixed adjustment to such index (for example, two whole percentage points above such index). Borrower shall have thirty days after such notice to notify Holder in writing that Borrower disapproves such new Index method, in which event the entire unpaid Balance hereof (as defined in subparagraph (c) below), all accrued but unpaid interest thereon, all interest which accrues thereafter based on the last Interest Rate in effect, and any other indebtedness hereunder, shall be due and payable sixty days after the date of Holder's notice aforesaid. If Borrower does not so notify Holder, the method designated by Holder for calculating the Index shall be deemed reasonable and acceptable to Borrower, and shall be binding hereunder until any time when such replacement method no longer is available, at which time the procedures set forth in this subparagraph (b) again shall be used to establish the Index and the method for calculating the Index. Until Holder selects a replacement method for calculating the Index, the last Index established as provided in this paragraph 2 shall remain in effect hereunder.

(c) Interest shall accrue under this Note, for each day and month during the term of this Note, on the balance outstanding hereunder at any particular time, based on the then-applicable Interest Rate. The balance on which interest is calculated (the "Balance") shall equal the sum, at any particular time, of the unpaid principal amount outstanding under this Note and the Unpaid Interest Account (as defined in the following paragraph).

(d) The "Unpaid Interest Account" is the aggregate amount, if any, at any particular time of accrued but unpaid interest that has been added to the Balance. As of the date of this Note the amount of the Unpaid Interest Account is zero. However, since the Payment Amount due on the first day of any particular month is unlikely to equal the interest accrued with respect to the preceding month at the then applicable Interest Rate, the Unpaid Interest Account shall be adjusted monthly as follows. On the first day of each calendar month, the Unpaid Interest Account shall be (i) increased to the extent that the Payment Amount then due is less than the amount of interest accrued during the preceding calendar month; and (ii) decreased to the extent that the Payment Amount then due exceeds the amount of interest accrued during the preceding calendar month. In the event the amount of the Unpaid Interest Account is zero, any of the excess described in (ii) above shall be applied to reduce the outstanding principal amount hereunder subject to paragraph 4 below).

(e) The Interest Periods referred to herein shall be each of the following: (i) the period during the term of this Note beginning on the date of this Note and ending on the last day of the five-year period that begins on the first day of the first month after the month in which this Note is dated; and (ii) each successive five-year period after said five-year period. The period in which the term of this Note ends shall be an Interest Period even if such period is shorter than five years.

(f) By written notice to Borrower approximately sixty days prior to each adjustment in the Payment Amount, Holder may (but shall not be required to) adjust the Interest Rate Differential by designating, in its sole discretion, a new Interest Rate Differential,